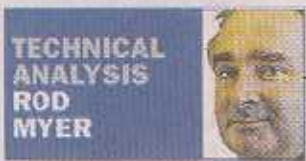


The Age, 21-Feb-2012 (p.8)

TRADING

Leighton digging its way out of the doldrums



IT'S been a tough and controversial few years for builder and contract miner Leighton Holdings. In recent days the company said it had alerted police to the possibility of corrupt payments by one of its subsidiaries over infrastructure work in Iraq.

Its long-time boss, Wal King, left at the end of 2010 and later had his payout pruned by \$4.9 million in response to shareholder pressure. Shareholders were angry after the company was hit by a series of write-downs on high-profile projects such

as Victoria's desalination plant and Brisbane's Airport Link roadway.

The trouble also claimed King's successor, David Stewart, and chairman David Mortimer. And it saw the company report a full-year loss of \$409 million in August. Hamish Tyrwhitt, a long-time Leighton executive, was brought in as CEO.

As a result, the share price lost nearly half its value during 2011. But Paul Ash, Victorian president with the Australian Technical Analysts Association, says things seem to be changing. Despite the corruption scandal, Leighton recently recorded a 56.9 per cent rise in half-yearly profit. The share price gained 31 per cent from the lows of \$16.79 plumbed in September to reach the recent high of



\$24.70 earlier this month.

Last week saw Leighton's weekly share price move back towards the 30-day moving average (the blue line on the chart), which Ash says indicates some significant short-term negative sentiment. But he observes that the stock is still in an uptrend from September lows, with the weekly price

graph still above the 30-day moving average. And, significantly in his view, the 30-day moving average is still pointing upwards, a sign of optimism for technical analysts.

So the Leighton story continues to look positive, Ash says. The chart tells him there is significant support on the downside at \$15.90,

the bottom blue line on the graph. On the upside there could be resistance, with selling if the stock reaches \$27.60. But if you take a position now, keep your eyes peeled for a change in trend as last year's downtrend could quickly return.

Leighton has a market capitalisation of \$7.8 billion and is Australia's largest project development and contracting group, operating in 30 countries. Its strategy focuses on diversification to reduce risk. In the wake of recent problems, it says risk management has been beefed up.

This column is not investment advice. Those wanting to commit funds to the market should seek professional counsel and do some homework.